

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 CIAE-00 INR-07 NSAE-00 INT-05

/030 W

----- 060211

O R 260515Z JUN 75

FM AMCONSUL MADRAS

TO USDOC WASHDC IMMEDIATE

AMEMBASSY NEW DELHI IMMEDIATE

INFO SECSTATE WASHDC 2952

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

LIMITED OFFICIAL USE SECTION 1 OF 2 MADRAS 0839

FOR BIC, MAJOR EXPORT PROJECTS DIVISION

E.O. 11652: N/A

TAGS: BEXP, BTIO, ENRG, IN

SUBJECT: DELEGATION FROM MEYVELI LIGNITE TO VISIT U.S.

REF: A. MADRAS 814; B. MADRAS 975 OF 1974

1. WE HAVE JUST BEEN INFORMED THAT A TEAM FROM NEYVELI LIVMITE WILL LEAVE NEW DELHI ON JUNE 30 BOUND FOR WEST GERMANY AND THE U.S. TO EVALUATE KRUPP BUCKET WHEEL EXCAVATOR DESCRIBED IN REF (A) AND SIMILAR EQUIPMENT OFFERED BY ORNSTEIN & KOPPEL OF MUNICH. IN U.S., TEAM WISHES TO VISIT PEABODY COAL MINE WHERE KRUPP EXCAVATOR IS WORKING. THIS PRESENTS PERFECT OPPORTUNITY FOR U.S. MANUFACTURERS OF COMPARABLE EQUIPMENT -- IF THERE ARE ANY -- TO GRAB HOLD OF NEYVELI OFFICIALS AND MAKE A SALES PITCH.

2. UNDER PROGRAM TO EXAPND OUTPUT FROM PRESENT 3.4 MILLION TONS TO 6.5 MILLION PER ANNUM, GOI OWNED NEYVELI LIGNITE FLOATED WORLD-WIDE TENDER IN FALL OF 1974 (SEE REF B). PLANS INCLUDE PURCHASE OF THREE BUCKET WHEEL EXCAVATORS WITH BUCKET CAPACITY OF 1,400 LITERS. NEYVELI OFFICIALS

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TOLD US THESE EXCAVATORS ARE ESTIMATED TO COST 10 MILLION

DOLLARS EACH. BIDS WERE OPENED IN OCTOBER 1974, AND CHOICE HAS BOILED DOWN TO KRUPP OR O&K. WEST GERMAN GOVERNMENT IS APPARENTLY PREPARED TO MAKE KFW CREDIT AVAILABLE TO GOI TO FINANCE THIS PURCHASE, BUT NEYVELI OFFICIALS SAID CREDIT AGREEMENT IS STILL BEING NEGOTIATED. THEY SAID WHATEVER RATE KFW CHARGES, GOI WILL RELEND TO NEYVELI AT ABOUT 9 PERCENT. DELIVERY OF THREE EXCAVATORS HAS BEEN PROMISED BY KRUPP 30 MONTHS, 37 MONTHS, AND 45 MONTHS RESPECTIVELY AFTER ORDER IS PLACED.

3. THERE SEEMS TO BE LITTLE PRACTICAL CHANCE OF PUTTING IN BID FOR THESE EXCAVATORS AT THIS LATE DATE (ALTHOUGH IF AMERICAN PRICES TURNED OUT TO BE SUBSTANTIALLY LOWER THAN GERMAN, AND FINANCING COULD BE ARRANGED, GOI MIGHT BE TEMPTED AWAY -- ONE NEVER KNOWS). HOWEVER, NEYVELI OFFICIALS TOLD US THAT THERE WILL BE ANOTHER ORDER FOR 5 MORE EXCAVATORS LIKE THIS IN TWO OR THREE YEARS WHEN THE PROPOSED SECOND MINE CUT AT NEYVELI GETS FINAL CLEARANCE. THAT TRANSLATES INTO AT LEAST 50 MILLION DOLLARS OF EXPORTS AND IS WORTH TAKING SOME TROUBLE TO PURSUE.

4. THE CRUCIAL PARAMETER FOR MEYVELI WORK IS THE UNUSUAL NATURE OF THE OVERBURDEN. THIS IS CUDDALORE SANDSTONE, WHICH IS HARD AND ABRASIVE. IN MINING TERMINOLOGY, THE NEYVELI OFFICIALS SAID, IT HASIY HARDNESS OF 120 TO 140 KILOGRAMS PER CENTIMETER. MOST OTHER MINES IN THE WORLD HAVE SOFTER, SANDY OVERBURDEN WITH HARDNESS RATING OF ONLY 60 TO 80 KILOGRAMS PER CENTIMETER. THE NEYVELI OVERBURDEN IS BETWEEN 60 TO 95 METERS DEEP, AND THE RATION OF OVERBURDEN TO COAL IS 4 TO 1. THE KRUPP MACHINE USED BY PEABODY COAL, DESCRIBED IN REF. A, APPARENTLY IS SUITABLE FOR WORKING THIS KIND OF OVERBURDEN, AND THE PEABODY MINE IS ONE OF THE FEW IN THE WORLD WITH CHARACTERISTICS SIMILAR TO MEYVELI.

5. THE NEYVELI LIGNITE TEAM WILL CONSIST OF: S. YEGNESWARAN, CHAIRMAN OF NEYVELI LIGNITE; A.K. SUBRAMANIAN, DEPUTY CHIEF MECHANICAL ENGINEER; C. NARAYANAN, PURCHASE MANAGER, AND PROBABLY ALSO S.B. LAL, JOINT SECRDORRY, LIMITED OFFICIAL USE

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GOI MINISTRY OF ENERGY, COAL DEPARTMENT. THE FIRST THREE ARE LEAVING MADRAS ON THURSDAY JUNE 26 FOR NEW DELHI VIA IC 440 ARRIVING AT 2120 HOURS. THEY WILL STAY IN NEW DELHI JUNE 27, 28, AND 29, AND DEPART FOR COLOGNE AT 0005 HOURS ON MONDAY JUNE 30. THEY WILL VISIT FRANKFURT, AND WILL DEPART FOR THE UNITED STATES ON EITHER JULY 5 OR JULY 6. THE TEAM HAVE OPEN TICKETS, AND CAME TO ASK OUR ASSISTANCE IN LOCATING THE SITE

OF THE PEABODY COAL MINE WHICH HAS THE KRUPP EQUIPMENT THEY WANT TO SEE (REF A) SO THAT THEY CAN FINALIZE THEIR U.S. ITINERARY.

6. PEABODY COAL IS LISTED BY THOMAS REGISTER AS HAVING ITS MAIN OFFICE IN INDIANAPOLIS, INDIANA, AND BY STANDARD AND POOR AS BEING HEADQUARTERED IN ST. LOUIS, MISSOURI. THE COMPANY HAS FIVE MINES IN ILLINOIS, ONE IN KENTUCKY, AND TWO IN WEST VIRGINIA. WE HAVE TOLD THE NEYVELI OFFICIALS THAT WE WOULD IMMEDIATELY ASK THE ASSISTANCE OF USDOC IN LOCATING THE MINE AT WHICH THE SPECIFIED KRUPP EXCAVATOR IS LOCATED AND THE CITY IN WHICH THE APPROPRIATE PEABODY OFFICE FOR THEM TO CONTACT IS LOCATED, AND THAT WE WOULD TRY TO HAVE THIS INFORMATION PASSED TO THEM IN NEW DELHI VIA THE COMMERCIAL COUNSELOR BEFORE THEY LEAVE. WE HAVE GIVEN THEM THE EMBASSY ADDRESS AND PHONE NUMBER. IN ADDITION, THEY CAN BE REACHED AT THE NATIONAL COAL DEVELOPMENT CORPORATION GUEST HOUSE IN NEW DELHI, TELEPHONE 611133. IF THEY ARE OUT, A MESSAGE CAN BE LEFT WITH MR. BHAGWAN.

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ACTION EB-07

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O R 260515Z JUN 75
FM AMCONSUL MADRAS
TO USDOC WASHDC IMMEDIATE
AMEMBASSY NEW DELHI IMMEDIATE
INFO SECSTATE WASHDC 2953
AMCONSUL BOMBAY
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FOR BIC, MAJOR EXPORT PROJECTS DIVISION

7. WITH THE POTENTIAL FUTURE SALE OF 5 EXCAVATORS IN MIND,

WE HAVE TOLD THE NEYVELI OFFICIALS THAT WE WOULD ALSO ASK USDOC TO CANVASS AMERICAN MINING EQUIPMENT MANUFACTURERS TO SEE IF ANY OF THEM PRODUCE EQUIPMENT SUITABLE TO THEIR NEEDS WHICH THEY WOULD LIKE TO DISCUSS WITH THE NEYVELI TEAM IN THE U.S. WE SUGGESTED THAT, SINCE THE NEYVELI TEAM'S STAY WOULD BE SO SHORT, IT MIGHT BE POSSIBLE FOR THE APPROPRIATE SALES ENGINEERS FROM ANY INTERESTED AMERICAN FIRMS TO MEET THEM AT THE PEABODY COAL MINE WHERE THEY PLAN TO SPEND THEIR TIME.

8. ACTION REQUESTED: WE WOULD APPRECIATE IT IF USDOC WOULD LOCATE THE APPROPRIATE PEABODY COAL MINE AND OFFICE AS DISCUSSED IN PARAGRAPH SIX AND RELAY THE INFORMATION TO THE COMMERCIAL COUNSELOR IN NEW DELHI BEFORE JUNE

29. WE WOULD ALSO APPRECIATE USDOC SURVEYING RELEVANT AMERICAN FIRMS TO SEE IF THEY MAKE BUCKET WHEEL EXCAVATORS LIKE THE REFERENCED KRUPP MODEL, SUITABLE TO NEYVELI CONDITIONS, AND WHETHER THEY WOULD BE INTERESTED IN MOUNTING THE SALES ATTACK SUGGESTED IN PARAGRAPH SEVEN WHEN THE NEYVELI TEAM REACHES THE U.S. FINALLY, WE WOULD APPRECIATE LIMITED OFFICIAL USE

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ANY EFFORTS THE EMBASSY CAN MAKE TO MEET THE NEYVELI TEAM IN NEW DELHI, PASS ANY INFORMATION FROM COMMERCE TO THEM, ARRANGE CONTACTS WITH COMMERCE DISTRICT OFFICES IN THE U.S., AND GENERALLY GUIDE THEM IN THE DIRECTION OF BUYING U.S. EQUIPMENT.

9. WE HAVE DISCUSSED WITH THE NEYVELI TEAM THE POSSIBILITY THAT U.S. MANUFACTURERS, EVEN IF THEY HAVE THE KIND OF EQUIPMENT NEYVELI NEEDS, MAY HAVE FULL ORDER BOOKS IN VIEW OF EFFORTS TO INCREASE DOMESTIC U.S. COAL PRODUCTION. THEY ARE AWARE OF THIS, BUT SEEM FAVORABLY DISPOSED TO U.S. EQUIPMENT IF IT IS AVAILABLE. THEY ARE EXTREMELY PLEASED WITH A FLEET OF CATERPILLAR DOZERS USED AT THE MINE, AND HAVE JUST PLACED ORDERS FOR CATERPILLAR PIPE LAYERS. THEY TOLD US THEY ALSO USE U.S. MADE CALDWELL WELL DRILLS AND FAILING BLAST HOLE DRILLS. CONVEYOR BELT PROBLEMS, PREVIOUSLY REPORTED BY THE MINERALS ATTACHE IN NEW DELHI, APPEAR TO HAVE BEEN WORKED OUT, AND NEW CONVEYOR EQUIPMENT IS BEING ORDERED FROM INDIAN FIRMS COLLABORATING WITH DEMAG AND WISSERHUTTE OF GERMANY. DUNLOP OF INDIA IS SUPPLYING ALL THE REPLACEMENT BELTING. DISAPPOINTINGLY, THE NEYVELI OFFICIALS TOLD US THEY RECEIVED VERY FEW RESPONSES FROM U.S. FIRMS TO THE ORIGINAL TENDER (REF B) AND MOST OF THOSE WHO DID RESPOND SAID THEY DID NOT MAKE THE KIND OF EQUIPMENT NEYVELI NEEDED. FOR 50 MILLION DOLLARS WORTH OF SALES, WE HOPE IT WILL BE POSSIBLE TO GET A BETTER RESPONSE FROM THE AMERICAN BUSINESS COMMUNITY.

10. THIS MESSAGE IS CLASSIFIED ONLY TO KEEP IT OUT OF THE
HANDS OF THE COMPETITION. COMMERCE MAY TREAT IT
AS UNCLASSIFIED IN DISSEMINATING THE INFORMATION TO US
FIRMS.
EAVES

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